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MY E.G. SERVICES BERHAD (505639-K)

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MY E.G. SERVICES BERHAD (505639-K)

ANNUAL REPORT 2008



MY E.G. SERVICES BERHAD
(Company No. 505639-K)

ANNUAL REPORT
2008

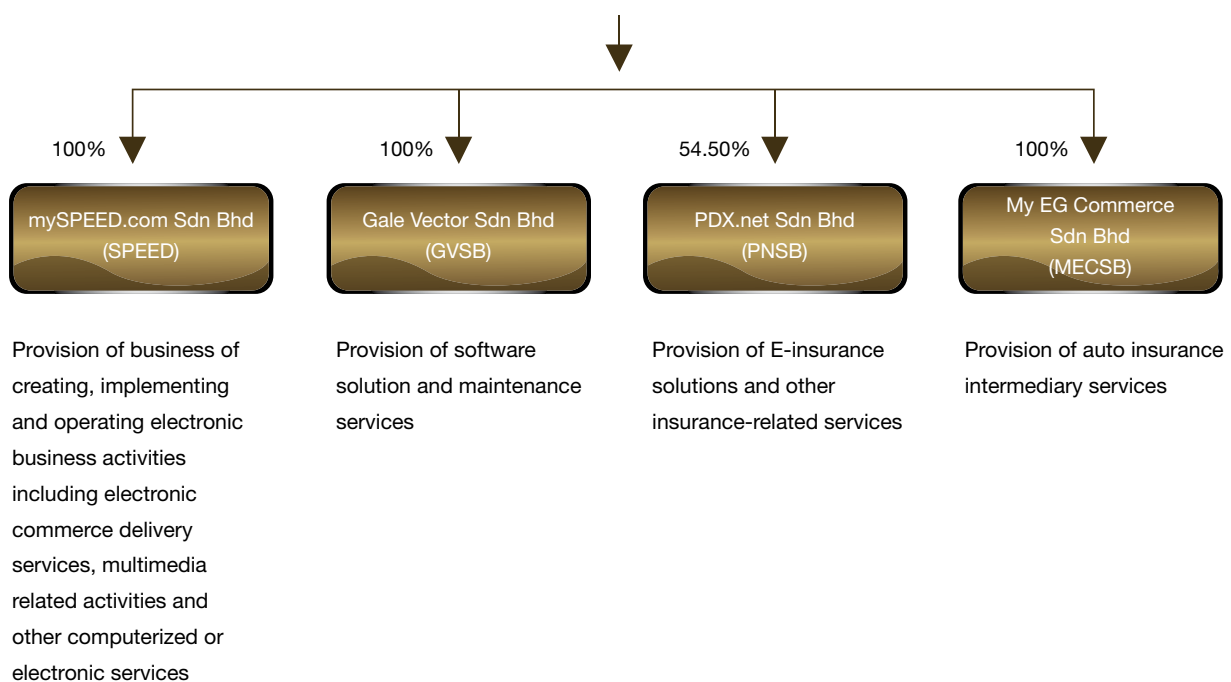
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Corporate Structure



Development and implementation of E-Government services and the provision of other related services for the E-Government Initiative



Corporate Information

BOARD OF DIRECTORS

Dato' Dr Norraesah Binti Haji Mohamad
(Executive Chairman)

Wong Thean Soon
(Managing Director)

Raja Munir Shah Bin Raja Mustapha
(Executive Director)

Brigadier General (Rtd) Dato' Ameerudeen
Bin Mohamed Noor
(Independent Non-Executive Director)

Mohd Jimmy Wong Bin Abdullah
(Independent Non-Executive Director)

Ng Fook Ai Victor
(Independent Non-Executive Director)

COMPANY SECRETARIES

Mah Li Chen
(MAICSA No. 7022751)

Tan Ley Theng
(MAICSA No. 7030358)

REGISTERED OFFICE

10th Floor, Menara Hap Seng
1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel: 03-2382 4288
Fax : 03-2382 4170

CORPORATE HEAD OFFICE

Lot 5.01, KPMG Tower
No 8, First Avenue
Persiaran Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7801 8888
Fax : 03-7801 8889
Email : investors@myeg.com.my
Website : www.myeg.com.my

AUDITORS

Horwath (AF 1018)
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03- 2166 0000
Fax : 03-2166 1000

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530 / 03-2721 2531

SPONSOR

HwangDBS Investment Bank Berhad
Suite 23A-01, 23A Floor
Menara Keck Seng,
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 03-2143 7888
Fax : 03-2148 2989

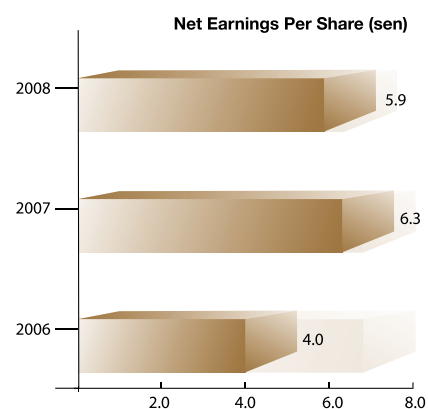
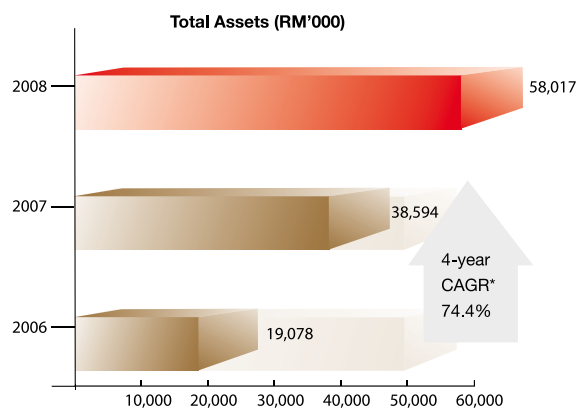
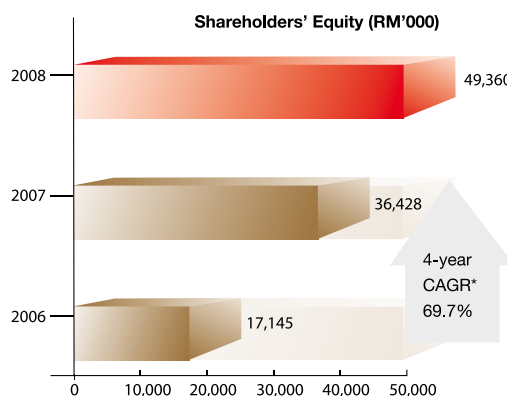
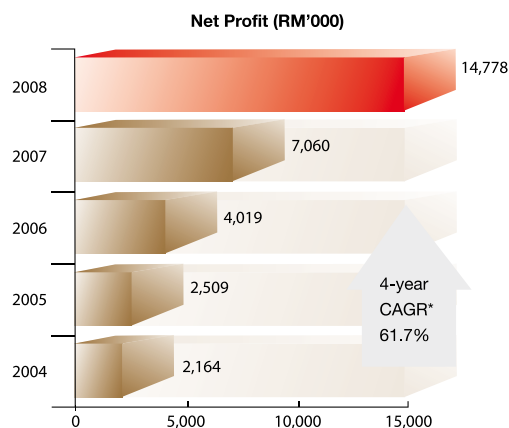
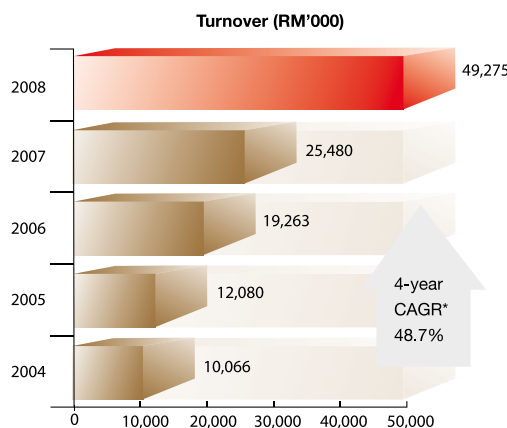
PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

MESDAQ Market of
Bursa Malaysia Securities Berhad
Stock Code : 0138

Financial Highlights



CAGR : Compounded Annual Growth Rate

Financial Highlights (Cont'd)

Summarized Group Income Statements					
Financial Year Ended 30 June (RM'000)	2004	2005	2006	2007	2008
Turnover	10,066	12,080	19,263	25,480	49,275
EBITDA [^]	2,749	3,153	4,713	8,547	17,726
Profit Before Tax	2,165	2,540	4,118	7,117	14,825
Net Profit	2,164	2,509	4,019	7,060	14,778

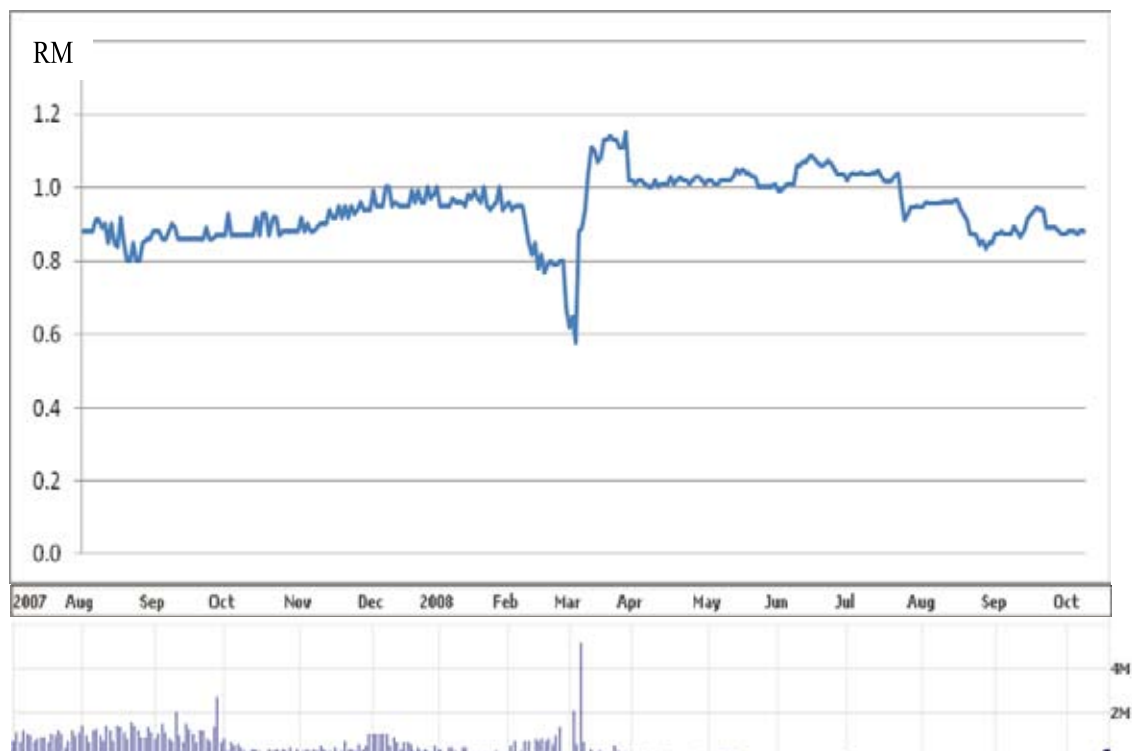
Summarized Group Balance Sheets				
As At 30 June (RM'000)	2006	2007	2008	
Equipment	3,946	8,658	17,479	
Development Costs	4,601	5,527	7,009	
Goodwill on Consolidation	2,601	2,601	12,022	
Current Assets	7,930	21,808	21,507	
Current Liabilities	1,854	1,740	3,489	
Net Current Assets	6,076	20,068	18,018	
	17,224	36,854	54,528	
Financed By:				
Share Capital	10,075	12,625	25,250	
Share Premium	-	9,673	-	
Retained Profits	7,070	14,130	24,110	
Shareholders' Equity	17,145	36,428	49,360	
Minority Interests	66	87	80	
	17,211	36,515	49,440	
Non-Current Liabilities				
Long Term Borrowings	-	331	5,081	
Taxation	13	8	7	
	17,224	36,854	54,528	

Financial Analysis	2006	2007	2008
Turnover Growth	59.5%	32.3%	93.4%
Profit Before Tax Growth	62.1%	72.8%	108.3%
Net Profit Growth	60.2%	75.7%	109.3%
Pre-tax Profit Margin	21.4%	27.9%	30.1%
Net Profit Margin	20.9%	27.7%	30.0%
Total Assets (RM'000)	19,078	38,594	58,017
Total Borrowings/Equity Ratio	Net Cash	Net Cash	Net Cash
Cash and Cash Equivalents (RM'000)	2,277	15,681	11,269
Return on Average Equity	26.6%	26.4%	34.5%
Return on Average Total Assets	23.5%	24.5%	30.6%
Net Tangible Assets Per Share (Sen)	9.9	22.4	12.0
Basic Earnings Per Share (Sen)	4.0	6.3	5.9

[^]EBITDA= Earnings Before Interest, Taxes, Depreciation and Amortization

Share Price Performance

for the period 2 July 2007 to 20 October 2008 *



* Prices adjusted for 1-for-1 bonus issue (14 November 2007)

Share Price Information

Record High	RM1.10 (6 November 2007)
Closing Price as at 20 October 2008	RM0.88

Market Value Ratios as at 20 October 2008

Historical PE Multiple	15.0 x
Price/Book Ratio	7.3 x

Management's Discussion



“..... Group’s net profit doubled to RM14.8 million,

..... fuelled by not only the successful integration of SPEED, but also the increased transaction volume from new and existing services.”

Dear Shareholders,

The Board of Directors of My E.G. Services Berhad (“MYEG” or “the Company”) is pleased to present to you the Company’s Annual Report and financial statements for the financial year ended 30 June 2008 (“FY2008”).

Our second year as a public-listed company saw the Group registering commendable growth in overall business operations and financial performance. We can see that E-Government services have gained wider acceptance amongst the public, as evidenced in the increase in transaction volume during the financial year under review.

In line with the Government’s call to develop a knowledge-based society, the Group will remain focused on enhancing the efficiency and effectiveness of our current services to increase customers’ confidence in utilising electronic-based services, as well as ensuring the smooth flow of transactions between the participating government agencies and the general public.

Management's Discussion (Cont'd)

Financial Performance

The Group's revenue reached RM49.3 million in FY2008, showing a significant improvement of 93.4% over RM25.5 million in the previous year. Correspondingly, the Group's net profit attributable to shareholders doubled to RM14.8 million from RM7.1 million in the preceding year. This robust growth was mainly fuelled by not only the successful integration after the acquisition of mySpeed.com Sdn Bhd ("SPEED") in July 2007, but also the increased transaction volume from E-Government services at Jabatan Pengangkutan Jalan ("JPJ")¹ and Jabatan Insolvency Malaysia ("JIM")².

Our earnings growth was also driven by the revision of rates for driving test services in 2007 and to a minor extent, the launch of our online road tax renewal service in April 2008. The road tax renewal service is already indicating its earnings potential, going into the new financial year ending 30 June 2009 ("FY2009").

Shareholders' equity as at 30 June 2008 amounted to RM49.4 million, as compared to RM36.4 million in the previous year. With the operations enjoying strong cash flow, the Group's balance sheet is healthy despite the increase in bank borrowings for the acquisition exercise. As at 30 June 2008, the Group's gearing is still at net cash position, affording us much leeway for further expansion.

At this juncture, the Board of Directors is pleased to propose for shareholders' approval at the forthcoming Annual General Meeting a final tax exempt dividend of 2 sen per share in respect of the FY2008, as compared to 0.693 sen in financial year ended 30 June 2007 ("FY2007"). The proposed dividend would amount to a payout of RM5.05 million, approximately 34.2% of the Group's net profit, which is above the Board's dividend policy of 30% of net profit.

Corporate Exercise – IPO and 1-for-1 Bonus Issue

The Company's Initial Public Offering ("IPO") exercise in January 2007 raised RM14.03 million in proceeds, in which RM8.16 million was utilised in FY2007 and the balance RM5.87 million allocated for capital expenditure was fully disbursed in FY2008. The utilisation of the IPO proceeds is detailed below:

As at 30 June 2008	Proposed utilisation (RM '000)	Amount utilised (RM '000)	Unutilised balance (RM '000)
Capital Expenditure	10,841	10,841	–
Working Capital	1,384	1,382	*2
Estimated Listing Expenses	1,800	1,802	*(2)
Total	14,025	14,025	–

* The deficit had been funded out of proceeds allocated for working capital.

During the financial year under review, the Company undertook a 1-for-1 Bonus Issue and an exercise to increase the Company's authorised share capital to RM50 million, from RM25 million previously. The Bonus Issue, completed in 19 November 2007, resulted in the issued and paid-up capital increasing to RM25.25 million comprising 252.5 million shares of RM0.10 each, from 126.3 million shares previously.

The Bonus Issue was aimed at rewarding our shareholders for their continued support as well as increasing the capital base of the Company to a level that better reflects the Group's current scale of operations. Furthermore, the additional shares in the market would help to improve the liquidity and marketability of the Company's shares.

¹ Road Transport Department

² Insolvency Department of Malaysia

Management's Discussion (Cont'd)

Future Outlook

The future prospects of the Group remain positive despite the inflationary pressures and impact of higher fuel prices on the economy. Nonetheless, the resilience of the Group's operations will be supported by the expansion of our customer base, as the number of vehicle owners and registered drivers in Malaysia continue to rise. Over and above, our relentless introduction of new services will also be the key factor in sustaining the Group's growth.

The case in point is our recently-launched online road tax renewal, another innovative E-Government service, which was introduced in the last quarter of the financial year under review.

Another E-Government service that followed close on the heels of the online road tax renewal service was the online fuel cash rebate, a collaborative effort between MYEG and Pos Malaysia Berhad. This service enables eligible car owners to claim their fuel cash rebates simultaneously when they renew their road tax via the online channel. The government had introduced the fuel cash rebate scheme to cushion the impact of high fuel prices in May 2008.

Going forward, we will continue to invest in Research and Development ("R&D") to develop more E-Government services.

Meanwhile, with the Government's allocation of RM572.7 million under the Ninth Malaysia Plan to improve E-Government applications, including services provided by the Company, we expect continuous commitment from both the government and the concessionaires to see success in E-Government implementation.

Against the backdrop of strong organic expansion, together with forward-looking government and new pipeline services, the Group anticipates to enter into a new phase of growth.



Management's Discussion (Cont'd)

Corporate Social Responsibility

Whilst we pursue our business in earnestness, we acknowledge our responsibility in no less degree to our employees, business partners and the communities in which we carry out our business activities, as well as to the environment we operate in.

To this end, some of the activities that had been undertaken during the financial year include:

- (i) adopting of health and safety policy and programme to look into the overall welfare of our staff, property and public.
- (ii) providing training and motivation for our staff;
- (iii) recycling of paper based products;

As a responsible corporate citizen, ongoing donations are to be made to various communities and charity-based organisations, be it in cash or in kind.

Corporate Governance

The Board is committed to the adherence and maintenance of the highest standards of Corporate Governance practices within the Group. This sets the foundation in the discharge of our responsibilities, serving the best interests of shareholders, while enhancing the business prosperity of the Group. The measures implemented to ensure good corporate governance are highlighted in the Corporate Governance Statement in this Annual Report.

Acknowledgement

Our sincere appreciation goes to the management and staff for their earnest commitment to the success of the Group.

I would also like to take this opportunity to thank our valued shareholders, bankers, business associates and customers for their continuous support to the Group thus far.

Lastly, my gratitude to the various government agencies and authorities for the successful partnership in providing more E-Government services for the convenience of the public.

Dato' Dr Norraesah binti Haji Mohamad
Executive Chairman

Operational Review

For the financial year under review, the Group's revenues attained a record high of RM49.3 million compared with RM25.5 million of previous year. The tremendous growth was mainly attributed to the full-year contributions from SPEED, which MYEG successfully acquired in July 2007. In effect, for FY2008, SPEED had contributed 23.9%, or RM11.8 million, to the Group's revenues. The impressive financial performance of SPEED was a result of our efforts in integrating the enlarged group's operations.

Excluding SPEED's contribution, the Group's organic growth was a commendable 47.2% year-on-year to RM37.5 million, driven principally by the increase in rates as well as higher transaction volume from our existing E-Government services, most notably, the JPJ's electronic tests of Highway Code and JIM's e-insolvency services.

The adjusted rates for resits of JPJ's electronic tests taking of the Highway Code took effect in December 2006; as such, FY2008 realised the full impact of the adjustment. Correspondingly, the Group's gross margin improved from last financial year's 41.9% to 43.5% in the financial year under review. In addition, the economies of scale derived from the enlarged entity helped to enhance the Group's overall cost efficiency, as evidenced in the better pre-tax margin of 30.0% for the financial year under review, versus 27.9% previously.

Revenues generated from the Group's two strategic business divisions – Government Enterprise Solution ("GES") and Government to Citizen ("G2C") – improved remarkably to RM30.3 million and RM19.0 million respectively, from RM14.3 million and RM11.2 million in the previous year.

The E-Service Centre channel, through which our GES services are delivered, saw a growth to 54 E-Service Centres throughout Malaysia as compared to 28 E-Service Centres in the previous year. Whereas, the G2C services via the E-Service kiosks and the Internet experienced a marked jump in the number of recurring registered users to more than 5,000. The Group now has approximately 140 kiosks in the country.

In April 2008, we launched a new G2C service, namely, online road tax renewal service; and we expect this new service to be an earnings booster, from both the tariff as well as the commission from the automotive insurance. To further facilitate users' convenience, we have placed the majority of our E-Service kiosks in high-traffic vehicle-financing banks, insurance companies, shopping complexes and E-Service Centres, and plan to roll out more kiosks in the coming months. Furthermore, we have initiated an aggressive marketing campaign to raise the awareness of the new service and encourage adoption of the E-Government initiative.

On the whole, the Group's record financial performance for yet another year says as much of our benchmark-setting E-Services as our ability to create shareholders' value.



Business Review (Cont'd)

Research and Development (“R&D”) Review

We recognize that constant R&D is the key driver to ensure sustainable growth of the Group. In the financial year under review, the Group rolled out the online road tax renewal service for JPJ. In addition to that, the Group is now at the final stage of some pipeline projects, namely, the online booking of JPJ's on the road driving test and online checking of KEJARA demerit points. These services are expected to be introduced in FY2009.

All in, the Group invested RM0.4 million in R&D activities, mainly for the above-mentioned projects during the year under review. Other approval-pending projects include online motor vehicle registration and electronic application of vehicle registration numbers.

As MYEG's ultimate vision is to elevate the quality of interaction between the Government and the public, we will remain focused on developing a broader range of E-Services for both the existing and potential Government agencies in order to build a continuous pipeline of services for the Group.

Growth Strategy



We opine that Malaysia's E-Government implementation is on the brink of attaining even higher growth, as there are many services at the various government departments that are still transacted over the counter. On top of that, the current low internet penetration rate of the country says much about the potential market size in the future.

To this end, the Group fully intends to carry on with our product development and market expansion plans in order to capture the anticipated demand amongst the increasingly-savvy Malaysian public.

In addition to the expected rollout of the above-mentioned new services, we will continue to work closely with more government departments to undertake innovative and customer-centric E-Government services in line with delivering efficient services and enhancing public convenience. We believe that providing an extensive range of products and services would attract a broader pool of customers and early adopters to the new level of convenience; hence, effectively enlarge our current customer base.

As for market expansion, we will continue to integrate our nationwide presence to ensure that our E-Service Centres are well spread-out and strategically located, in view of some overlaps arising from the acquisition of SPEED. At the same time, the Group is planning to set up an additional 10 to 15 E-Service Centres in Perak, Pahang and Johor, which will ultimately bring our total E-Service Centres to more than 70.

At the same time, more E-Service kiosks will be deployed in tandem with the potential uptake of the online road tax renewal service. Besides ensuring easy accessibility by the public, these measures are targeted at increasing the brand visibility of MYEG and reinforcing the key messages communicated in our ongoing marketing campaign.

Going forward, the Group remains committed to the delivery of first class E-services in line with the Government's agenda to promote the use of Information and Communication Technology to access various government services.

Event Highlights 2007/2008

New Location

In December 2007, due to the rapid expansion of the Group, MYEG Group relocated its corporate head office to Bandar Utama, an MSC Status location, in order to accommodate the increase in personnel due to the expansion in our operations.



New Acquisitions

In July 2007, MYEG completed the acquisition of mySPEED.com Sdn Bhd.

In October 2007, MYEG also completed the acquisition of Fidelity Radiance Sdn Bhd (currently known as MYEG Commerce Sdn Bhd).



New Launches

MYEG officially launched the Online Road Tax Renewal and Insurance Service in April 2008.

The Group also participated in several exhibitions to promote its Online Road Tax Renewal Service.

In conjunction with the announcement of fuel cash rebate claims by the Government, MYEG teamed up with POS Malaysia Berhad ("POS MALAYSIA") to enable eligible vehicle owners to claim their fuel cash rebates through MYEG's online portal.

In August 2008, MYEG launched the online payment services of Dewan Bandaraya Kuala Lumpur ("DBKL").



Directors' Profile

DATO' DR NORRAESAH BINTI HAJI MOHAMAD

Executive Chairman



Dato' Dr Norraesah Binti Haji Mohamad, a Malaysian aged 60, was appointed to the Board on 18 August 2006.

She graduated with a Bachelor of Arts (Hons) Economics from University of Malaya in 1972. In 1982, she obtained her Masters in International Economics Relations from International Institute of Public Administration, France and Masters in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France. She further obtained a PhD (Economics Science) International Economics and International Finance from University of Paris I, Pantheon-Sorbonne, France in 1986. She has over thirty-six (36) years of working experience in the fields of banking, consultancy and international trade and commerce.

She worked for the Ministry of International Trade and Industry from 1972 to 1985, during which time she was in charge of trade policies and bilateral and multilateral trade and trade fairs and missions. From 1986 to 1988, she was attached to the Ministry of Finance, responsible for privatisation and debt management matters. In 1988, she left the public sector to join ESSO Production Malaysia Inc. as a Communications Manager. From 1990 to 1991, she assumed the position of Managing Director with a consulting firm which provides financial and investment advisory services. She was later appointed as the Chief Representative of Credit Lyonnais Bank in Malaysia in 1991, a position she held until 1998. She was the Chairman of Bank Kerjasama Rakyat Malaysia from 2000 to 2003.

She is currently the Chairman of the World Islamic Businesswomen Network and a member of the International Advisory Panel of the World Islamic Economic Forum (WIEF) of the Organisation of Islamic Conference (OIC) countries. She is a member of UMNO Supreme Council since 2000. She was later appointed as a Senator in 2005.

She currently holds directorships in Malaysian Oxygen Berhad, SBC Corporation Berhad, KESM Industries Berhad, Protasco Berhad, Ya Horng Electronic (M) Berhad and Adventa Berhad, all listed on Bursa Malaysia Securities Berhad. She also sits on the board of several other private limited companies.



WONG THEAN SOON

Managing Director

Wong Thean Soon, a Malaysian aged 37, was appointed to the Board on 6 March 2000. He is also a member of the Remuneration Committee.

He graduated from the National University of Singapore with a Bachelor Degree in Electrical Engineering in 1995. He has accumulated more than 12 years of experience in the ICT industry with his involvement in designing, implementing and maintenance of communication applications on the Internet in various technology companies, both local and abroad. He commenced his career in the ICT industry in 1995 with Cybersource Pte Ltd, Singapore as co-founder and Executive Director of the company. During his tenure there, he oversaw the development of PictureMail, an integrated graphical e-mail package, which was licensed to Sony, among others. He was also in charge of developing and marketing an additional product, the Global Messaging System, which was licensed to paging operators in the Asian region including EasyCall International of Australia and Lenso Paging of Thailand.

He subsequently founded Tecnochannel Technologies Sdn Bhd in 1997 and formed marketing and manufacturing partnerships with a range of MNCs to develop and market Internet devices, where such devices were successfully marketed in China. He successfully listed Tecnochannel Technologies Sdn Bhd on the American Exchange via the holding company known as MyWeb Inc.com in 1999.

He resigned from the Chief Executive Officer position at Tecnochannel Technologies Sdn Bhd in 2000 and co-founded MYEG in the same year. He was one of the pioneering members of MYEG Group and has been instrumental in establishing and managing the operations of MYEG Group. He is responsible for formulating and implementing business policies and corporate strategies of MYEG Group as well as prominently spearheading the progress and development of MYEG Group. He also sits on the board of several private limited companies.



RAJA MUNIR SHAH BIN RAJA MUSTAPHA

Executive Director

Raja Munir Shah Bin Raja Mustapha, a Malaysian aged 45, was appointed to the Board on 20 May 2004.

He started his career as an Operations Executive between 1985 and 1987 in Wagon Engineering Sdn Bhd where he was involved in the daily administrations of the company. He resigned in 1987 to join Bumi Kekal Bekal Sdn Bhd as the Branch Manager. He subsequently left in 1991, and served as a Director in SP Maju Sdn Bhd. During his tenure in SP Maju Sdn Bhd, he oversaw the business operations, finance and day-to-day management functions of the company.

In the course of his career there, he further obtained a Diploma in Business Studies from Peterborough Regional College, United Kingdom in 1998.

In 1997, he was elected to head the Tanjong UMNO Youth Division and subsequently appointed as the State UMNO Youth Information Chief until his tenure ended in 2004. He was appointed as a City Councilor in 1997, 1998, 2003 and 2004. During his tenure as a Councilor in Penang Island Municipal Council ("MPPP"), he served as Chairman and Committee Member in various standing committees overseeing legislatives and policy matters within the jurisdiction of MPPP which covers the island of Penang.

In 2004, he moved on to join Longstore Logistics (M) Sdn Bhd and became a Director of the company, a position he still holds presently. He also sits on the board of several private limited companies.

Directors' Profile (Cont'd)

BRIGADIER GENERAL (RTD) DATO' AMEERUDEEN BIN MOHAMED NOOR

Independent Non-Executive Director

Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, a Malaysian aged 61, was appointed to the Board on 18 August 2006. He is also the Chairman of the Audit Committee and Remuneration Committee and also a member of the Nomination Committee.



In 1965, after completing his secondary education, he underwent a cadet officer training course at the Royal Military College of Malaysia. He was commissioned as a Second Lieutenant in the Malaysian Armed Forces. While he was with the Malaysian Armed Forces, he had furthered his military training and obtained a Diploma in Psychological Warfare and Civil Affairs from the United States Institute for Military Assistance, Fort Bragg, North Carolina, United States of America in 1972. In 1986, he also obtained a Diploma in Political Warfare from Foo Shin Kang College, Kaoshiung, Taiwan.

During his service with the Malaysian Armed Forces, he has held several appointments and more significantly as the Military Adviser to the Defence Minister, Directing Staff at the Armed Forces Staff College of Malaysia and Armed Forces Defence College of Malaysia, Head of Psychological Warfare Defence Intelligence and Head of Military Intelligence Special Branch, a position he held until his retirement in 2001.

MOHD JIMMY WONG BIN ABDULLAH

Independent Non-Executive Director

Mohd Jimmy Wong Bin Abdullah, a Malaysian aged 46, was appointed to the Board on 18 August 2006. He is also the Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee.



Upon completing his secondary education in 1981, he began his career with the Royal Malaysian Police starting off as a new recruit. In 1994, he was stationed on a 2-year Diplomatic Mission in Wisma Putra in Guangzhou, China until 1996. In that same year, he completed his Diploma in Business Studies from Jinan University, Guangzhou, China.

During his service with the Royal Malaysia Police, he was promoted several times and had risen from the ranks before retiring in 2002.



NG FOOK AI VICTOR

Independent Non-Executive Director

NG Fook Ai Victor, a Singaporean aged 60, was appointed to the Board on 2 January 2008. He is also a member of the Audit Committee.

He holds a B.Sc (Econs) University of London and a M.Sc (Econs) Birbeck College, University of London, in the course of which he was awarded the University's Convocation Book Prize (First) and the Lord Hailsham Scholarship.

He was a former Principal (Consulting Partner) of KPMG Singapore and has extensive experience in auditing, taxation and corporate advisory. He also served a short stint with Singapore's elite Administrative Service (Ministry of Finance). He was awarded PBM (Community Services) by the President of the Republic of Singapore in 1992.

He is currently the Executive Chairman of London Asia Group Limited, a private equity firm headquartered in Guernsey with principal offices in China, Germany and ASEAN.

He is also the Executive Director and Fund Manager of China Growth Opportunities Fund Limited listed on London's Alternative Investment Market (AIM). He also sits on the Board of several public companies including as the Chairman of Devotion Energy Group Limited (listed in Singapore), Board Member & Audit Committee Chairman of Asia Power Corp Limited (listed in Singapore), Board Member, Nomination Committee Chairman and Audit Committee Member of Asia Water Technology Limited (listed in Singapore) and Chairman of Asia Agricultural Group Ltd.

Notes to Directors' Profile:

1. Family Relationship of Directors

None of the Directors has any family relationship with any Director and/or major shareholders of the Company.

2. Conviction of Offences

None of the Directors has been convicted for any offences (other than traffic offences) within the past 10 years.

3. Conflict of Interest

Save for what is disclosed under Additional Compliance Information (Related Party Transactions) on page 31 of this Annual Report and the Circular to shareholders dated 13 November 2008, which is dispatched together with this Annual Report, all the Directors have no conflict of interest with the Company and its subsidiaries.

4. Attendance at Board Meetings

The details of attendance of the Directors at the Board Meetings are set out on page 19 of this Annual Report.

5. Interest in Shares

The particulars of the Directors' interest in securities of the Company are set out in the Analysis of Shareholdings on page 73 of this Annual Report.

Corporate Governance Statement

The Board of Directors is fully committed towards ensuring that good corporate governance as set out in the Malaysian Code on Corporate Governance ("Code") is continuously practiced throughout the Group to safeguard and enhance shareholders' investment and values.

In accordance with Rule 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR"), the Board of Directors is pleased to provide this statement which sets out the manner in which the Group has applied the Principles, and the extent to which it has complied with the Best Practices of Corporate Governance as set out in Part 1 and 2 respectively of the Code.

BOARD OF DIRECTORS

The Board

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investments of the Group. The Board retains full and effective control of the Group.

The Board is also responsible in identifying principal risks faced by the Group and ensuring the implementation of appropriate systems to manage these risks.

Composition and Board Balance

As at the date of this Annual Report, the Board comprises six (6) members; three (3) of whom are Executive Directors (including the Chairman) and three (3) are Independent Non-Executive Directors.

This is in compliance with Rule 15.02(1) of the MMLR that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, comprise Independent Directors.

A brief profile of each Director is presented on pages 14 to 17 of this Annual Report.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies. The role of the Independent Non-Executive Directors is to provide objective and independent judgement to the decision making of the Board and as such, provide an effective check and balance to the Board's decision making process.

With this composition of members, the Board is satisfied that it fairly reflects the investment of the minority shareholders and represents the required mix of skills and experience required for the effective discharge of the Board's duties and responsibilities.

There is a clear division of responsibilities between the roles of the Chairman and Managing Director to ensure that there is equilibrium of power and authority in managing and directing the Group. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Managing Director oversees the day-to-day management of Group's business operations and implementation of policies and strategies adopted by the Board.

The Board is of the opinion that the appointment of a Senior Independent Non-Executive Director to whom concerns can be conveyed is not necessary at this stage as the Chairman fully encourages active participation of each and every Board member at the Board meetings.

Corporate Governance Statement (Cont'd)

Board Meetings

During the financial year ended 30 June 2008, a total of five (5) Board meetings were held. As at the date of this Annual Report, the details of attendance of the Directors who are in office are as follows:

Name of Director	Designation	Meetings Attended
Dato' Dr Norraesah Binti Haji Mohamad	Executive Chairman	4/5
Wong Thean Soon	Managing Director	5/5
Raja Munir Shah Bin Raja Mustapha	Executive Director	5/5
Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor Director	Independent Non-Executive	5/5
Mohd Jimmy Wong Bin Abdullah	Independent Non-Executive Director	5/5
Ng Fook Ai Victor (Appointed on 2 January 2008)	Independent Non-Executive Director	2/2

Supply of Information

All Directors are provided with an agenda and a set of Board papers prior to the Board meetings and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers circulated include minutes of the previous meeting, quarterly and annual financial statements, corporate development, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from the Bursa Securities, list of directors' resolutions passed and report on the directors dealings in securities, if any.

The Directors, whether as a full Board or in their individual capacity, have unrestricted access to all information pertaining to the Group's business and affairs to enable them to carry out their duties effectively and diligently.

All Directors have access to the advice and services of the Company Secretaries. Where considered necessary, the Board may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

Board Committees

The following principal Board Committees that have been established to assist the Board in discharging its duties effectively:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The terms of reference of each Board Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code. These Committees have the authority to examine particular issues and report to the Board with their recommendations. Nonetheless, the ultimate responsibility for the final decision on such matters lies with the Board.

Corporate Governance Statement (Cont'd)

(a) Audit Committee

The Board has established the Audit Committee to assist the Board in discharging its duties. The Audit Committee works closely with the external auditors and maintains a transparent professional relationship with them.

The report of the Audit Committee is set out on pages 23 to 27 of this Annual Report.

(b) Nomination Committee

The Nomination Committee consists of two (2) Non-Executive Directors and meets as and when required. The members of the Nomination Committee are as follows:

- Mohd Jimmy Wong Bin Abdullah, Chairman
Independent Non-Executive Director
- Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, Member
Independent Non-Executive Director

The Nomination Committee is responsible for the annual review of the Board's required mix of skills, experience, quality and core competencies of the Non-Executive Directors, annual assessment of the effectiveness of the Board as a whole and the contribution of each individual Director. The Nomination Committee is also responsible for making recommendations for new appointment to the Board.

(c) Remuneration Committee

The members of the Remuneration Committee consists of:

- Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor, Chairman
Independent Non-Executive Director
- Mohd Jimmy Wong Bin Abdullah, Member
Independent Non-Executive Director
- Wong Thean Soon, Member
Managing Director

The Remuneration Committee is responsible for reviewing the terms of engagement and remuneration packages of the Executive Directors. An Executive Director does not participate in the discussion of his individual remuneration. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of these Directors.

The determination of the remuneration of Non-Executive Directors is a matter of the Board as a whole.

Appointments and Re-election of Directors

Any appointment of a new Director to the Board or Board Committee is recommended by the Nomination Committee for consideration and approval by the Board.

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subjected to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is no Director of the Company who is subject to such re-appointment.

Corporate Governance Statement (Cont'd)

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as prescribed by Bursa Securities.

The Board acknowledges the importance of constantly updating itself on the industry's direction and development. They are provided with the opportunity for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investor relations to equip themselves with the knowledge to effectively discharge their duties as Directors.

All Directors receive updates from time to time, on relevant new laws and regulations to enhance their business acumen and skills to meet challenging commercial risks and challenges. The Directors were also briefed by the Company Secretaries on the various amendments to the MMLR as well as the Code.

Directors' Remuneration

The remuneration package are structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors depends on their contribution to the Group in terms of their knowledge and experience.

Details of the aggregate remuneration of Directors for the financial year ended 30 June 2008 are as follows:

	Fees (RM'000)	Salaries (RM'000)	Allowances (RM'000)	Benefits In Kind (RM'000)	Total (RM'000)
Executive Directors	252	60	–	–	312
Non-Executive Directors	60	–	–	–	60
Total	312	60	–	–	372

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
Below RM50,000	–	2	2
RM50,001 – RM100,000	1	–	1
RM100,001 – RM150,000	2	–	2

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above.

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of effective communication with shareholders and the investment community, and adheres strictly to the disclosure requirements of Bursa Securities.

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. At the AGM, the Board provides for opportunity for shareholders to raise questions pertaining to the business activities of the Group. All Directors are available to respond to questions from the shareholders at the AGM. The external auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

To keep the shareholders and investors informed on the Group's latest business and corporate development, information is disseminated via Annual Report, circular to shareholders, press releases, quarterly financial results and various announcements made from time to time to the Bursa Securities.

Corporate Governance Statement (Cont'd)

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and interim financial statements on a quarterly basis to the shareholders, the Board is responsible to present a clear, balanced and understandable assessment of the Group's performance and position. The Audit Committee assists the Board in reviewing the information to be disclosed, to ensure the completeness, accuracy and adequacy of financial disclosures.

Internal Controls

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. The Audit Committee is assigned by the Board with the duty to review the adequacy and effectiveness of control procedures and report to the Board on major findings for deliberation.

The Statement on Internal Control set out on pages 28 to 29 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

Through the Audit Committee, the Board maintains a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the appropriate accounting standards. From time to time, the external auditors will highlight to the Audit Committee and the Board on matters that require their attention.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report on pages 23 to 27 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF PREPARATION OF FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and accounting standards approved by the Malaysian Accounting Standards Board in Malaysia for Entities Other Than Private Entities. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the Group's assets and to prevent and detect fraud other irregularities.

Audit Committee Report

The Board of Directors of My E.G. Services Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2008. The primary objective of the Audit Committee is to assist the Board to oversee the financial reporting and assess the Group's process relating to its risk and control environment. The Audit Committee is also responsible for evaluating the internal and external audit processes.

In line with the amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR") in relation to corporate governance, the Audit Committee has also been assigned to review the report, adequacy and competency of the internal audit function.

Members and Attendance

As at the date of this Annual Report, the members of the Audit Committee consist of:

Chairman

Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor – Independent Non-Executive Director

Members

Mohd Jimmy Wong Bin Abdullah - Independent Non-Executive Director

Ng Fook Ai Victor - Independent Non-Executive Director
(Appointed on 2 January 2008)

During the financial year ended 30 June 2008, a total of seven (7) meetings were held and the details of attendance of the Audit Committee are as follows:

	Meetings Attended
Chairman	
Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor (Independent Non-Executive Director)	7/7
Members	
Mohd Jimmy Wong Bin Abdullah (Independent Non-Executive Director)	7/7
Ng Fook Ai Victor (Independent Non-Executive Director) (Appointed on 2 January 2008)	4/4
Koh Yeow Lay (Executive Director) (Resigned on 12 October 2007)	2/2

Details of the members of the Audit Committee are contained in the Profile of Directors as set out on pages 14 to 17 of this Annual Report.

Senior Management staff and the external auditors attended the meetings at the invitation of the Audit Committee, where considered necessary. The agenda of the meetings and relevant information are distributed to the Audit Committee members with sufficient notification. The Company Secretary was also present to record the proceedings of the Audit Committee meetings.

Audit Committee Report (Cont'd)

Composition and Terms of Reference

The Terms of Reference of the Audit Committee are as follows:

1. Composition

The Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members who are Non-Executive Directors and majority of whom shall be Independent Directors. No alternate director shall be appointed as a member of the Audit Committee.

At least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years working experience and;

- (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- (ii) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967; or

Fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2. Chairman

The Chairman of the Audit Committee shall be appointed by the Board, or failing which, by the members of the Audit Committee themselves. The Chairman shall be an Independent Director. In event of the Chairman's absence, the meeting shall be chaired by another Independent Director.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

4. Meetings

The Audit Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Audit Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The internal auditors and external auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

Audit Committee Report (Cont'd)

5. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of other directors or employees of the Group, whenever deemed necessary;
- (g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- (c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (d) To review the following in respect of the internal audit function:
 - adequacy of the scopes, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out the work
 - internal audit plan and monitor its implementation
 - results of the internal audit activity and investigations and Management's responses, and ensure that appropriate action is taken on the recommendation of the internal audit function
- (e) To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Audit Committee Report (Cont'd)

- (g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major areas.
- (h) To consider the appointment and / or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
- (i) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the employees' share option scheme, at the end of each financial year.

7. Review of Audit Committee

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES

Activities carried out by the Audit Committee during the financial year ended 30 June 2008 included the deliberation and review of:

- (a) the unaudited quarterly financial statements of the Group to ensure that they are in compliance with the requirements of relevant authorities, prior to the submission to the Board for their approval and release of the Group's results to Bursa Securities;
- (b) the audit plan of external auditors in terms of their scope of audit prior to their commencement of their annual audit;
- (c) the external auditors' report in relation to audit and accounting issues arising from the audit;
- (d) the annual audited financial statements of the Group and of the Company prior to submission to the Board for approval;
- (e) the internal audit plan presented by the internal auditors to ensure adequate scope and coverage of the activities of the Group;
- (f) the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensure that there were management action plans established for the implementation of the internal auditors' recommendation;
- (g) the Audit Committee Report and Statement on Internal Control for compliance with the Code and MMLR before recommending the same to the Board for approval;
- (h) the related party transactions to ensure that they were not detrimental to interests of minority shareholders;
- (i) the audit fees of the external auditors and recommended the same for the approval of the Board; and
- (j) the performance of the external auditors and the recommendation to the Board on their re-appointment.

Subsequent to the financial year ended 30 June 2008, the Audit Committee members had discussed matters arising from audit of the Group with the external auditors without the presence of Executive Board members and Management.

Audit Committee Report (Cont'd)

Internal Audit Function

The internal audit function of the Group is outsourced to an independent professional firm, which reports directly to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The function is designed to evaluate and enhance risk management, control and governance processes to assist Management in achieving its corporate goals.

During the financial year ended 30 June 2008, the outsourced internal auditors conducted internal audit reviews on the business processes of IT Governance – IT Delivery & Support and Credit Control & Collection. The results of the reviews were formally reported to the Audit Committee. The internal audit reviews conducted did not reveal significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report. Senior Management has taken note of the findings and duly acted upon the recommendations made by the internal audit function.

Statement on Internal Control

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control exists in order to safeguard shareholders' investments and the Group's assets.

The Board is pleased to present the following statement, which outlines the nature and scope of internal control prevailing in the Group during the financial year under review pursuant to Rule 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

Board Responsibility

The Board acknowledges the importance of a sound system of internal controls and its overall responsibility for maintaining the Group's system of internal controls and risk management, as well as for reviewing the adequacy and integrity of the internal control system.

However, it should be noted the limitations inherent in any system of internal control, such system can only manage rather than eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the system can only provide reasonable but not absolute assurance against material misstatement or loss, contingencies, fraud or any irregularities.

Risk Management Framework

The Board also recognizes that risk management should be an integral part of the business operation and shall exercise due care to identify and manage such risk. The Group will incorporate a process to conduct risk assessment and develop continuous on-going process of identifying, evaluating, minimizing and managing of risk.

On a day-to-day basis, respective Heads of Departments are responsible for managing risks related to their functions or departments. Periodic management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are communicated amongst the senior management team. Significant risks identified are subsequently brought to the attention of the Board at their scheduled meetings.

The abovementioned practices/initiatives effected by Management is an on-going process of identifying, evaluating and managing significant risks that may affect the Group's achievement of its business objective.

Internal Audit Function

The Group's internal audit function is outsourced to external professional consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems.

The internal audit function reviews the internal control in the key activities of the Group based on an internal audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the Group. The internal audit findings and opportunities for improvements to the system of internal control are identified and presented to the Audit Committee via internal audit reports whilst Management formulates action plans to address issues noted from internal audit reviews to improve the system of internal control.

During the year under review, the internal audit function carried out internal audit reviews on the business processes of IT Governance – IT Delivery & Support and Credit Control & Collection of the Group. The weaknesses in internal control identified had been appropriately addressed with. Notwithstanding this, the Group will continue to take measures to enhance and strengthen the internal control environment.

Statement on Internal Control (Cont'd)

Other key elements of internal controls

The other key elements of the Group's internal control systems are:

- (i) Quarterly review of the financial performance of the Group by the Board and the Audit Committee.
- (ii) Clearly defined and structured lines of reporting and responsibility.
- (iii) Operations review meetings are held to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.
- (iv) Documented internal policies as set out in a series of memorandums to various departments within the Group.

Assurance

The Board, together with Management, continues to take measures to strengthen the control environment within the Group. There were no material losses incurred during the current financial year ended 30 June 2008 as a result of weaknesses in internal control.

Additional Compliance Information

1. Utilisation of Proceeds

As at 30 June 2008, the utilisation of gross proceeds of RM14,025,000 raised from the Public Issue was as follows:

Purpose	Proposed Unutilised (RM'000)	Amount Utilised (RM'000)	Balance Utilisation (RM'000)
Capital Expenditure	10,841	10,841	–
Working capital *	1,384	1,382*	2
Estimated listing expenses *	1,800	1,802*	(2)
Total	14,025	14,025	–

Note* The proceeds to be used for working capital will be adjusted accordingly in the event of any variation in the actual listing expenses from the estimated amount as set out in the Company's Prospectus dated 30 November 2006. In view that the actual listing expenses were higher than estimated, the deficit had been funded out of proceeds allocated for working capital.

2. Share Buy-backs

During the financial year under review, the Company did not have a scheme to buy back its own shares.

3. Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities in respect of the financial year ended 30 June 2008.

4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

During the financial year ended 30 June 2008, the Company did not sponsor any ADR or GDR programme.

5. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

6. Non-Audit Fees

The amount of non-audit fees incurred for services rendered by the external auditors to the Group for the financial year ended 30 June 2008 amounted to approximately RM6,500.

7. Material Contracts

Other than the related party transactions of a revenue or trading nature as disclosed in paragraph 11 below, there were no material contracts subsisting at the end of financial year ended 30 June 2008 entered into by the Company and its subsidiaries involving the interests of the Directors and major shareholders.

8. Revaluation Policy on Landed Properties

The Group does not have a revaluation policy on landed properties as it does not hold any landed properties.

9. Variation in Results

There was no deviation of 10% or more between the results of the financial year ended 30 June 2008 as per the audited financial statements and the unaudited results previously announced.

Additional Compliance Information (Cont'd)

10. Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

11. Related Party Transactions

The Company obtained the shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") in their ordinary course of business at the AGM held on 18 December 2007. The Company will be seeking for shareholders' approval for the renewal of the shareholders' mandate for the existing RRPT at the forthcoming AGM of the Company to be held on 5 December 2008.

Details of the RRPT in the normal course of business of MYEG Group made during the financial year ended 30 June 2008 pursuant to the aforesaid shareholders' mandate are as follows:

Transacting company within MYEG Group	Party transacting with MYEG Group	Related party	Nature of transactions	Annual aggregate value of transactions (RM)
MYEG (Tenant)	Embunaz Ventures Sdn Bhd (Company No. 620304-X) ("Embunaz") (Landlord)	Dato' Dr Norraesah Binti Haji Mohamad, the Executive Chairman and a shareholder of MYEG is also the Executive Chairman and major shareholder of Embunaz.	Rental of premises	111,000
MYEG (Recipient)	Embunaz (Provider)	Dato' Dr Norraesah Binti Haji Mohamad, the Executive Chairman and a shareholder of MYEG is also the Executive Chairman and major shareholder of Embunaz.	Professional fees	81,000

Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation for the financial year	14,771	11,697
Attributable to:		
Equity holders of the Company	14,778	11,697
Minority interests	(7)	—
	14,771	11,697

DIVIDENDS

Since the end of the previous financial year, the Company paid a final tax-exempt dividend of 0.693 sen per ordinary share amounting to approximately RM1,750,000 in respect of the previous financial year as proposed in the directors' report of that financial year.

The directors propose the payment of a first and final tax-exempt dividend of 2 sen per ordinary share in respect of the current financial year. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) the Company increased its authorised share capital from RM25,000,000 to RM50,000,000 by the creation of 250,000,000 new ordinary shares of RM0.10 each;
- (b) the Company increased its issued and paid-up share capital from RM12,625,000 to RM25,250,000 by way of a bonus issue of 126,250,000 new ordinary shares of RM0.10 each ("Bonus Shares") on the basis of one Bonus Share for every one existing ordinary share held in the Company. The bonus issue was paid up by the capitalisation of retained earnings and share premium. All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and
- (c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (Cont'd)

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' DR NORRAESAH BINTI HAJI MOHAMAD
WONG THEAN SOON
RAJA MUNIR SHAH BIN RAJA MUSTAPHA
BRIGADIER GENERAL (RTD) DATO' AMEERUDEEN BIN MOHAMED NOOR
MOHD JIMMY WONG BIN ABDULLAH
NG FOOK AI VICTOR (APPOINTED ON 2.1.2008)
KOH YEOW LAY (RESIGNED ON 12.10.2007)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.10 EACH				
	AT 1.7.2007	BONUS ISSUE	BOUGHT	SOLD	AT 30.6.2008
THE COMPANY					
DIRECT INTERESTS					
DATO' DR NORRAESAH BINTI HAJI MOHAMAD	1,400,000	1,400,000	—	—	2,800,000
WONG THEAN SOON	25,000	25,000	7,940,000	—	7,990,000
RAJA MUNIR SHAH BIN RAJA MUSTAPHA	100,000	50,000	—	(50,500)	99,500
BRIGADIER GENERAL (RTD) DATO' AMEERUDEEN BIN MOHAMED NOOR	80,000	80,000	—	—	160,000
MOHD JIMMY WONG BIN ADBULLAH	80,000	80,000	—	—	160,000
INDIRECT INTERESTS *					
WONG THEAN SOON	56,000,000	56,000,000	6,950,000	(15,565,000)	103,385,000
RAJA MUNIR SHAH BIN RAJA MUSTAPHA	56,000,000	56,000,000	6,950,000	(15,565,000)	103,385,000

* Indirect interests through their interests in Asia Internet Holding Sdn. Bhd. ("AIH") and Asia Internet E-Services Holdings Sdn. Bhd. ("AIEH")

DIRECTORS' INTERESTS (CONT'D)

By virtue of their shareholdings in AIH and AIEH, Wong Thean Soon and Raja Munir Shah Bin Raja Mustapha are deemed to have interests in shares in the Company and its related corporations to the extent of AIH and AIEH's interests, in accordance with Section 6A of the Companies Act, 1965.

The other director holding office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements, or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which a director has a substantial financial interest as disclosed in Note 32 to the financial statements.

Neither during nor at the end of the financial year was the Company and its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 SEPTEMBER 2008**

Wong Thean Soon

Raja Munir Shah Bin Raja Mustapha

Statement by Directors

We, **Wong Thean Soon** and **Raja Munir Shah Bin Raja Mustapha**, being two of the directors of **My E.G. Services Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 39 to 70 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and the Company at 30 June 2008 and of their results and cash flows for the financial year ended on that date.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 25 SEPTEMBER 2008**

Wong Thean Soon

Raja Munir Shah Bin Raja Mustapha

Statutory Declaration

I, **Wong Thean Soon I/C No. 710604-08-5153** being the director primarily responsible for the financial management of **My E.G. Services Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 39 to 70 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Wong Thean Soon I/C No. 710604-08-5153
at Kuala Lumpur in the Federal Territory
on this 25 September 2008

Wong Thean Soon

Before me

Mohd Radzi Bin Yasin
(No: W 327)

Independent Auditors' Report

to the Members of My E.G. Services Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of My E.G. Services Berhad, which comprise the balance sheets as at 30 June 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 70.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the accounts and the auditors' reports of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements;
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report (Cont'd)

to the Members of My E.G. Services Berhad

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Horwath
Firm No: AF 1018
Chartered Accountants

Onn Kien Hoe
Approval No: 1772/11/08 (J/PH)
Partner

Kuala Lumpur
25 September 2008

Balance Sheets

at 30 June 2008

		THE GROUP		THE COMPANY	
	NOTE	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	—	—	12,896	2,650
Equipment	7	17,479	8,658	17,062	8,591
Development costs	8	7,009	5,527	6,719	5,527
Goodwill on consolidation	9	12,022	2,601	—	—
		36,510	16,786	36,677	16,768
CURRENT ASSETS					
Trade receivables	10	1,415	1,376	890	519
Other receivables, deposits and prepayments	11	8,814	4,751	7,450	4,751
Amount owing by subsidiaries	12	—	—	341	1,066
Tax refundable		9	—	—	—
Fixed deposits with licensed banks	13	4,656	4,032	4,656	4,032
Cash and bank balances		6,613	11,649	4,356	11,013
		21,507	21,808	17,693	21,381
TOTAL ASSETS		58,017	38,594	54,370	38,149
EQUITY AND LIABILITIES EQUITY					
Share capital	14	25,250	12,625	25,250	12,625
Share premium	15	—	9,673	—	9,673
Retained profits	16	24,110	14,130	20,802	13,903
SHAREHOLDERS' EQUITY		49,360	36,428	46,052	36,201
MINORITY INTERESTS		80	87	—	—
TOTAL EQUITY		49,440	36,515	46,052	36,201
NON-CURRENT LIABILITIES					
Deferred taxation	17	7	8	—	—
Long-term borrowings	18	5,081	331	5,081	331
		5,088	339	5,081	331

Balance Sheets (Cont'd)

at 30 June 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CURRENT LIABILITIES					
Trade payables	21	1,113	842	696	828
Other payables and accruals		900	701	538	615
Amount owing to subsidiaries	12	—	—	537	—
Provision for taxation		13	36	3	13
Short-term borrowings	22	1,463	161	1,463	161
		3,489	1,740	3,237	1,617
TOTAL LIABILITIES		8,577	2,079	8,318	1,948
TOTAL EQUITY AND LIABILITIES		58,017	38,594	54,370	38,149
Net assets per share (sen)	23	19.55	28.85		

The annexed notes form an integral part of these financial statements.

Income Statements

for the Financial Year Ended 30 June 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
REVENUE	24	49,275	25,480	36,681	24,510
COST OF SALES		(27,834)	(14,812)	(19,612)	(14,321)
GROSS PROFIT		21,441	10,668	17,069	10,189
OTHER INCOME		311	54	203	54
		21,752	10,722	17,272	10,243
ADMINISTRATIVE EXPENSES		(4,026)	(2,175)	(2,886)	(1,830)
OTHER EXPENSES		(2,463)	(1,409)	(2,217)	(1,396)
FINANCE COSTS		(438)	(21)	(438)	(21)
PROFIT BEFORE TAXATION	25	14,825	7,117	11,731	6,996
INCOME TAX EXPENSE	26	(54)	(36)	(34)	(9)
PROFIT AFTER TAXATION		14,771	7,081	11,697	6,987
ATTRIBUTABLE TO:					
Equity holders of the Company		14,778	7,060	11,697	6,987
Minority interests		(7)	21	—	—
		14,771	7,081	11,697	6,987
Earnings per share (sen):					
- Basic	27	5.9	2.8		
- Diluted	27	Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

Statements of Changes in Equity

for the Financial Year Ended 30 June 2008

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY							
THE GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
Balance at 1.7.2006		10,075	—	7,070	17,145	66	17,211
Allotment of shares		2,550	11,475	—	14,025	—	14,025
Expenses recognised directly in equity:- Listing expenses		—	(1,802)	—	(1,802)	—	(1,802)
Profit after taxation for the financial year		—	—	7,060	7,060	21	7,081
Total recognised income and expense for the financial year		—	(1,802)	7,060	5,258	21	5,279
Balance at 30.6.2006/1.7.2007		12,625	9,673	14,130	36,428	87	36,515
Bonus issue		12,625	(9,577)	(3,048)	—	—	—
Expenses recognised directly in equity:- Bonus issue expenses		—	(96)	—	(96)	—	(96)
Profit after taxation for the financial year		—	—	14,778	14,778	(7)	14,771
Total recognised income and expense for the financial year		—	(96)	14,778	14,682	(7)	14,675
Dividend paid	28	—	—	(1,750)	(1,750)	—	(1,750)
Balance at 30.6.2008		25,250	—	24,110	49,360	80	49,440

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 30 June 2008

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
THE COMPANY	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED PROFITS RM'000	TOTAL RM'000
Balance at 1.7.2006		10,075	–	6,916	16,991
Allotment of shares		2,550	11,475	–	14,025
Expenses recognised directly in equity:- Listing expenses		–	(1,802)	–	(1,802)
Profit after taxation for the financial year		–	–	6,987	6,987
Total recognised income and expense for the financial year		–	(1,802)	6,987	5,185
Balance at 30.6.2006/1.7.2007		12,625	9,673	13,903	36,201
Bonus issue		12,625	(9,577)	(3,048)	–
Expenses recognised directly in equity:- Bonus issue expenses		–	(96)	–	(96)
Profit after taxation for the financial year		–	–	11,697	11,697
Total recognised income and expense for the financial year		–	(96)	11,697	11,601
Dividend paid	28	–	–	(1,750)	(1,750)
Balance at 30.6.2008		25,250	–	20,802	46,052

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

for the Financial Year Ended 30 June 2008

NOTE	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	14,825	7,117	11,731	6,996
Adjustments for:-				
Amortisation of development costs	479	296	365	296
Depreciation of equipment	1,936	1,113	1,807	1,100
Equipment written off	47	—	45	—
Interest expense	438	21	438	21
Bad debts recovered	(105)	—	—	—
Interest income	(206)	(54)	(203)	(54)
Operating profit before working capital changes	17,414	8,493	14,183	8,359
Increase in trade and other receivables	(3,888)	(474)	(3,070)	(31)
Increase/(Decrease) in trade and other payables	209	(230)	(209)	(153)
CASH FLOWS FROM OPERATIONS	13,735	7,789	10,904	8,175
Interest paid	(438)	(21)	(438)	(21)
Income tax paid	(87)	(44)	(44)	—
NET CASH FROM OPERATING ACTIVITIES	13,210	7,724	10,422	8,154
CASH FLOWS FOR INVESTING ACTIVITIES				
Purchase of equipment	29 (9,418)	(5,205)	(9,273)	(5,202)
Acquisition of subsidiaries	30 (10,009)	—	(10,246)	—
Additional investment in a subsidiary	—	—	—	(50)
Addition of development costs	(1,557)	(1,222)	(1,557)	(1,222)
Repayment from/(Advances to) subsidiaries	—	—	725	(858)
NET CASH FOR INVESTING ACTIVITIES	(20,984)	(6,427)	(20,351)	(7,332)
BALANCE CARRIED FORWARD	(7,774)	1,297	(9,929)	822

Cash Flow Statements (Cont'd)

for the Financial Year Ended 30 June 2008

	NOTE	THE GROUP		THE COMPANY	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
BALANCE BROUGHT FORWARD		(7,774)	1,297	(9,929)	822
CASH FLOWS FROM FINANCING ACTIVITIES					
Gross proceeds from issuance of shares		–	14,025	–	14,025
Bonus issue/listing expenses		(96)	(1,802)	(96)	(1,802)
Drawdown of term loans		6,000	–	6,000	–
Repayment of term loans		(720)	(33)	(720)	(33)
Repayment of hire purchase and finance lease payables		(278)	(128)	(278)	(128)
Repayment to a director		–	(9)	–	–
Advances from/(Repayment to) subsidiaries		–	–	537	(101)
Dividend paid	28	(1,750)	–	(1,750)	–
Interest income		206	54	203	54
NET CASH FROM FINANCING ACTIVITIES		3,362	12,107	3,896	12,015
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,412)	13,404	(6,033)	12,837
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,681	2,277	15,045	2,208
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	31	11,269	15,681	9,012	15,045

The annexed notes form an integral part of these financial statements.

Notes to the Financial Statements

for the Financial Year Ended 30 June 2008

1. GENERAL INFORMATION

The Company is a public company limited by shares under the Malaysian Companies Act, 1965. The domicile of the Company is in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	: Lot 5.01, Level 5, KPMG Tower, No.8, First Avenue, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 September 2008.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, as well as investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any foreign currency transactions, assets or liabilities and hence is not exposed to any foreign currency risk.

(ii) Interest Rate Risk

The Group obtains financing through banking, leasing and hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

(iii) Price Risk

The Group does not have any quoted investment and hence is not exposed to any price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group's concentration of credit risk relates to the performance bond to a gateway provider and advance payments to a supplier as disclosed in Note 11 to the financial statements.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances to meet its obligations as and when they fall due.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards ("FRS") in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, the Group and the Company have adopted the following new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB"):-

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS117 does not have any material financial effects on the financial statements of the Group.

The adoption of FRS 124 only impacts the form and content of disclosures presented in the financial statements.

(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 ₂₀₀₄	Amendment to FRS 119 ₂₀₀₄ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

FRS 6 and FRS 119₂₀₀₄ are not relevant to the Group's operations.

(c) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates <i>Net investment in a Foreign Operation</i>
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

4. BASIS OF PREPARATION (CONT'D)

The adoption of these standards only impacts the form and content of disclosures presented in the financial statements.

FRS 111, FRS 120 and Amendment to FRS 121 are not relevant to the Group's operations.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group has applied this Framework from the financial year ended 30 June 2008 onwards.

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon initial application of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following IC Interpretations have been issued and effective for financial periods beginning on or after 1 July 2007 but are not relevant to the Group's operations:-

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The details of revenue recognition policies are disclosed in Note 5(t) to the financial statements.

(ii) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Information relating to goodwill is disclosed in Note 9 to the financial statements.

(v) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

(vii) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Presentation Currency

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 30 June 2008.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheets consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equityholders, and are separately disclosed in the consolidated income statement of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Goodwill on Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiary at the date of acquisition.

Goodwill is measured at costless accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(g) Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	16%
Office and communication equipment	12%
Office furniture and renovation	10%
Computers	20%
Software	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(h) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of Assets (Cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Development Costs

Development costs comprise expenditure incurred on the development of the Group's software systems and integration used for the provision of Electronic Government Services. Costs incurred on development projects are capitalised to the extent that such expenditure is expected to generate future economic benefits.

Other development expenditure is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial service of the product to which they relate on a straight line basis over the period of their expected benefits but not exceeding 20 years.

(j) Equipment under Hire Purchase and Finance Lease

Leases of equipment where substantially all the benefits and risks of ownership are transferred to the Company are classified as finance leases.

Equipment acquired under hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligation due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(k) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments are made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(m) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(n) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) Interest-bearing Borrowings

Interest-bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(s) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

(t) Revenue Recognition

(i) Services Rendered

Revenue is recognised upon delivery of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(ii) Interest and Commission Income

Interest and commission income are recognised on an accrual basis.

6. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RM'000	RM'000
Unquoted shares, at cost:-		
At 1.7.2007/2006	2,650	2,600
Additions	10,246	50
At 30.6.2008/2007	12,896	2,650

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective		Principal Activities
		Equity 2008	Interest 2007	
Gale Vector Sdn. Bhd. ("GVSB")	Malaysia	100%	100%	Provision of software solutions and maintenance services.
PDX.net Sdn. Bhd ("PNSB")	Malaysia	54.5%	54.5%	Provision of E-Insurance solutions and other insurance-related services.
MySpeed.com Sdn. Bhd. ("SPEED") *	Malaysia	100%	—	Creating, implementing and operating e-business activities including electronic commerce delivery services, multimedia related activities and other computerised or electronic services.
My E.G. Commerce Sdn. Bhd. (formerly known as Fidelity Radiance Sdn. Bhd.) ("MECSB")	Malaysia	100%	—	Provision of auto insurance intermediary services.

During the financial year, the Company:-

- (a) acquired 9,250,000 ordinary shares of RM1.00 each in SPEED, representing the entire issued and paid-up capital of SPEED for a total consideration of RM10,245,495; and
- (b) acquired 2 ordinary shares of RM1.00 each in MECSB, representing the entire issued and paid-up capital of MECSB for a total consideration of RM2.

* - Not audited by Horwath

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

7. EQUIPMENT

THE GROUP	AT 1.7.2007 RM'000	ACQUISITION OF A SUBSIDIARY RM'000	ADDITIONS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2008 RM'000
NET BOOK VALUE						
Motor vehicles	549	—	—	—	(94)	455
Office and communication equipment	4,690	191	8,970	(3)	(927)	12,921
Office furniture and renovation	643	25	988	(42)	(127)	1,487
Computers	2,769	120	504	(2)	(785)	2,606
Software	7	—	6	—	(3)	10
	8,658	336	10,468	(47)	(1,936)	17,479

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 30.6.2008			
Motor vehicles	587	(132)	455
Office and communication equipment	14,954	(2,033)	12,921
Office furniture and renovation	2,015	(528)	1,487
Computers	6,218	(3,612)	2,606
Software	67	(57)	10
	23,841	(6,362)	17,479
AT 30.6.2007			
Motor vehicles	587	(38)	549
Office and communication equipment	5,290	(600)	4,690
Office furniture and renovation	1,006	(363)	643
Computers	4,289	(1,520)	2,769
Software	61	(54)	7
	11,233	(2,575)	8,658

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

7. EQUIPMENT (CONT'D)

	AT 1.7.2007 RM'000	ADDITIONS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 30.6.2008 RM'000
THE COMPANY					
NET BOOK VALUE					
Motor vehicles	549	—	—	(94)	455
Office and communication equipment	4,639	8,939	(3)	(858)	12,717
Office furniture and renovation	643	938	(42)	(117)	1,422
Computers	2,754	439	—	(735)	2,458
Software	6	7	—	(3)	10
	8,591	10,323	(45)	(1,807)	17,062

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 30.6.2008			
Motor vehicles	587	(132)	455
Office and communication equipment	14,148	(1,431)	12,717
Office furniture and renovation	1,839	(417)	1,422
Computers	4,705	(2,247)	2,458
Software	67	(57)	10
	21,346	(4,284)	17,062
AT 30.6.2007			
Motor vehicles	587	(38)	549
Office and communication equipment	5,221	(582)	4,639
Office furniture and renovation	1,006	(363)	643
Computers	4,266	(1,512)	2,754
Software	60	(54)	6
	11,140	(2,549)	8,591

At the balance sheet date, the following assets were acquired under hire purchase and finance lease terms:-

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Net book value:-		
Motor vehicle	185	224
Office and communication equipment	2,247	783

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

8. DEVELOPMENT COSTS

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
AT COST:-				
At 1.7.2007/2006	6,558	5,336	6,558	5,336
Acquisition of a subsidiary	4,318	—	—	—
Additions during the financial year	1,557	1,222	1,557	1,222
At 30.6.2008/2007	12,433	6,558	8,115	6,558
ACCUMULATED AMORTISATION:-				
At 1.7.2007/2006	(1,031)	(735)	(1,031)	(735)
Acquisition of a subsidiary	(3,914)	—	—	—
Amortisation during the financial year	(479)	(296)	(365)	(296)
At 30.6.2008/2007	(5,424)	(1,031)	(1,396)	(1,031)
	7,009	5,527	6,719	5,527

Development costs were incurred for the software development of the Electronic Government Services project and other related services.

Included in the development costs incurred during the financial year is the following item:-

	THE GROUP/THE COMPANY	
	2008 RM'000	2007 RM'000
Staff costs	280	212

9. GOODWILL ON CONSOLIDATION

	THE GROUP	
	2008 RM'000	2007 RM'000
At 1.7.2007/2006	2,601	2,601
Arising from acquisition of equity interest in subsidiaries (Note 30)	9,421	—
At 30.6.2008/2007	12,022	2,601

Goodwill on consolidation is stated at cost and arose from the acquisition of the subsidiaries.

During the financial year, the Group assessed the recoverable amount of goodwill in relation to each cash-generating unit, and determined that goodwill is not impaired.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

9. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of a cash-generating unit is determined based on value-in-use calculated using cash flow projections based on financial budgets approved by management covering a period of between 5 years to 12 years. The key assumptions used for value-in-use calculations are:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	2008	2007	2008	2007	2008	2007
Software solutions and other insurance-related services	70%	48%	14%	14%	10%	10%
E-business activities	32%	—	5%	—	10%	—

- (a) Budgeted gross margin The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.
- (b) Growth rate The growth rates used are based on the expected projection of the software solutions and other insurance-related services and e-business activities.
- (c) Discount rate The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

10. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	1,423	1,384	898	527
Allowance for doubtful debts	(8)	(8)	(8)	(8)
	1,415	1,376	890	519

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments are the following items:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Advance payments for the purchase of equipment	4,044	1,137	4,044	1,137
Deposit for the acquisition of a subsidiary	—	955	—	955
Performance bond to a gateway provider	3,483	2,433	2,201	2,433

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RM'000	RM'000
Amount owing by:		
- Non-trade balances	341	1,066
Amount owing to:-		
- Non-trade balances	537	—

The amounts owing are unsecured, interest-free and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks are amounts of RM544,000 and RM522,000 of the Group and of the Company respectively (2007 - RM22,000 and RM22,000) which have been pledged to licensed banks for banking facilities granted to the Group and the Company.

The weighted average effective interest rate per annum of the fixed deposits at the balance sheet date was 3.09% (2007 - 3.10%). The fixed deposits have maturity periods ranging from 1 month to 12 months (2007 - 1 month).

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

14. SHARE CAPITAL

	THE COMPANY			
	← 2008 →		← 2007 →	
	NUMBER OF SHARES '000	SHARE CAPITAL RM'000	NUMBER OF SHARES '000	SHARE CAPITAL RM'000
ORDINARY SHARES OF RM0.10 EACH:-				
AUTHORISED				
At 1.7.2007/2006	250,000	25,000	250,000	25,000
Increase during the financial year	250,000	25,000	–	–
At 30.6.2008/2007	500,000	50,000	250,000	25,000
ISSUED AND FULLY PAID-UP				
At 1.7.2007/2006	126,250	12,625	100,750	10,075
Allotment of shares	–	–	25,500	2,550
Bonus issue	126,250	12,625	–	–
At 30.6.2008/2007	252,500	25,250	126,250	12,625

During the financial year, the Company:-

- (a) increased its authorised share capital from RM25,000,000 to RM50,000,000 by the creation of 250,000,000 new ordinary shares of RM0.10 each; and
- (b) increased its issued and paid-up share capital from RM12,625,000 to RM25,250,000 by way of a bonus issue of 126,250,000 new ordinary shares of RM0.10 each ("Bonus Shares") on the basis of one Bonus Share for every one existing ordinary share held in the Company. The bonus issue was paid up by the capitalisation of retained earnings and share premium. All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

15. SHARE PREMIUM

	THE GROUP/THE COMPANY	
	2008 RM'000	2007 RM'000
At 1.7.2007/2006	9,673	—
Premium arising from issuance of shares	—	11,475
Bonus issue	(9,577)	—
Expenses incurred for:		
- bonus issue	(96)	—
- listing exercise	—	(1,802)
	(9,673)	9,673
At 30.6.2008/2007	—	9,673

The share premium in the previous financial year was not distributable by way of cash dividends.

16. RETAINED PROFITS

At the balance sheet date, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

Subject to the agreement of the tax authorities, at the balance sheet date, the Company has tax-exempt income of approximately RM11,896,000 (2007 - RM4,068,000) available for the purpose of paying tax-exempt dividends.

17. DEFERRED TAXATION

	THE GROUP	
	2008 RM'000	2007 RM'000
At 1.7.2007/2006	8	13
Recognised in the income statement (Note 26)	(1)	(5)
	7	8

The deferred taxation relates to accelerated capital allowances.

18. LONG-TERM BORROWINGS

	THE GROUP/THE COMPANY	
	2008 RM'000	2007 RM'000
Hire purchase and finance lease payables (Note 19)	761	331
Term loans (Note 20)	4,320	—
	5,081	331

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

19. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Minimum hire purchase and lease payments:		
- not later than one year	580	191
- later than one year and not later than five years	797	305
- later than five years	25	58
	1,402	554
	(138)	(62)
Less: Future finance charges		
	1,264	492
Present value of hire purchase and finance lease payables		
The net hire purchase and finance lease payables are repayable as follows:		
Current:		
- not later than one year (Note 22)	503	161
Non-current:		
- later than one year and not later than five years	736	275
- later than five years	25	56
Total non-current portion (Note 18)	761	331
	1,264	492

The hire purchase and finance lease payables are for the purchase of the Company's motor vehicle and office and communication equipment.

The hire purchase and lease payables bore a weighted average effective interest at 6.90% (2007 - 6.23%) per annum.

20. TERM LOANS

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Current portion:		
- repayable within one year (Note 22)	960	—
Non-current portion:		
- repayable between one to two years	960	—
- repayable between two to five years	2,880	—
- repayable after five years	480	—
Total non-current portion (Note 18)	4,320	—
	5,280	—

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

20. TERM LOANS (CONT'D)

Details of the term loans are as follows:-

	Number of Monthly Instalments	Monthly Instalment RM'000	Date of Commencement of Repayment
Term loan 1	75	64	October 2007
Term loan 2	75	16	October 2007

The term loans are secured by the following:-

- (i) a pledge of certain fixed deposits of the Company; and
- (ii) a pledge of 9,250,000 ordinary shares of MySpeed.com Sdn. Bhd.

The effective interest rate of the term loans at the balance sheet date was 7.5% (2007 - not applicable) per annum.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

22. SHORT-TERM BORROWINGS

	THE GROUP/THE COMPANY	
	2008 RM'000	2007 RM'000
Hire purchase and finance lease payables (Note 19)	503	161
Term loans (Note 20)	960	—
	1,463	161

23. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net assets value at the balance sheet date of RM49,360,000 (2007 - RM36,428,000) divided by the number of ordinary shares in issue at the balance sheet date of 252,500,000 (2007 - 126,250,000) shares.

24. REVENUE

Revenue of the Group and of the Company represents the invoiced value of services rendered less trade discounts.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

25. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of development costs	479	296	365	296
Audit fee:				
- for the current financial year	40	14	20	7
- (over)/underprovision in the previous financial year	(6)	—	4	—
Depreciation of equipment	1,936	1,113	1,807	1,100
Directors' fee	312	447	204	345
Directors' non-fee emoluments	60	225	—	107
Equipment written off	47	—	45	—
Interest expense				
- hire purchase	13	2	13	2
- lease	29	23	29	23
- term loans	396	3	396	3
- others	—	(7)	—	(7)
Rental expense:				
- motor vehicles	34	41	34	41
- equipment	13	—	—	—
- parking	12	8	12	8
- premises	996	380	550	329
Staff costs	1,828	1,635	1,432	1,256
Bad debts recovered	(105)	—	—	—
Interest income	(206)	(54)	(203)	(54)

26. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
- for the current financial year	55	34	34	9
- underprovision in previous financial years	#	7	#	—
	55	41	34	9
Deferred taxation:				
- for the current financial year (Note 17)	(1)	(5)	—	—
	54	36	34	9

represents an amount less than RM500

The Company has been granted the MSC status which qualifies the Company for the pioneer status incentive with no tax on the Company's income from pioneer activities during the pioneer period from 18 July 2007 to 17 July 2011.

During the current financial year, the statutory tax rate was reduced from 27% to 26%, as announced in the Malaysian Budget 2007.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

26. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	14,825	7,117	11,731	6,996
Tax at the applicable statutory tax rate of 26% (2007 - 27%)	3,855	1,922	3,050	1,889
Tax effects of:-				
Non-taxable gains	—	(5)	—	—
Tax exempted income	(2,035)	(1,408)	(2,035)	(1,408)
Non-deductible expenses	80	91	71	90
Deferred tax assets not recognised in previous years	(789)	—	—	—
Deferred tax liabilities not recognised due to pioneer status	(1,052)	(562)	(1,052)	(562)
Others	(5)	(2)	—	—
	54	36	34	9

27. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the consolidated profit attributable to equity holders of the Company of RM14,778,000 (2007 - RM7,060,000) by the number of ordinary shares in issue during the financial year of 252,500,000 (2007 - 252,500,000).

The fully diluted earnings per share for the Group is not presented as there were no dilutive potential ordinary shares outstanding at the balance sheet date.

The basic earnings per share in the previous financial year has been restated to conform with the current year's presentation as a result of the bonus issue during the current financial year.

28. DIVIDEND

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Dividend paid:		
A first and final tax-exempt dividend of 0.693 sen per ordinary share in respect of the previous financial year	1,750	—

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

29. PURCHASE OF EQUIPMENT

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Cost of equipment purchased	10,468	5,825	10,323	5,822
Amount financed through hire purchase and leasing	(1,050)	(620)	(1,050)	(620)
Cash disbursed for purchase of equipment	9,418	5,205	9,273	5,202

30. ACQUISITION OF SUBSIDIARIES

During the financial year, the Company acquired the following subsidiaries:-

- (a) MySpeed.com Sdn. Bhd.; and
- (b) My E.G. Commerce Sdn. Bhd. (formerly known as Fidelity Radiance Sdn. Bhd.)

The equity interests held by the Company in these subsidiaries are disclosed in Note 6 to the financial statements. The details of net assets acquired and cash flows arising from the acquisition of the subsidiaries are as follows:

	THE GROUP	
	2008	2007
	RM'000	RM'000
Equipment	336	—
Development expenditure	404	—
Trade and other receivables	109	—
Cash and bank balances	237	—
Trade and other payables	(261)	—
Fair value of net assets acquired	825	—
Goodwill on consolidation (Note 9)	9,421	—
Total purchase consideration	10,246	—
Less: Cash and bank balances of subsidiaries	(237)	—
Net cash outflow from acquisition of subsidiaries	10,009	—

The effects of the acquisition of the subsidiaries on the financial results of the Group at the end of the financial year are as follows:-

	THE GROUP	
	2008	2007
	RM'000	RM'000
Revenue	11,765	—
Profit after taxation	3,007	—

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

31. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks (Note 13)	4,656	4,032	4,656	4,032
Cash and bank balances	6,613	11,649	4,356	11,013
	11,269	15,681	9,012	15,045

32. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

- (i) the Company has controlling related party relationship with its subsidiaries as disclosed in Note 6 to the financial statements;
- (ii) the directors who are the key management personnel; and
- (iii) an entity controlled by certain key management personnel, directors and/or substantial shareholders.

- (b) In addition to the balances detailed elsewhere in the financial statements, the Company carried out the following transactions with the related parties during the financial year.

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Sales to:				
Subsidiary:				
PDX.net Sdn. Bhd.	—	—	618	665
Professional fees charged by:				
Related party:				
Embunaz Ventures Sdn. Bhd.*	84	7	84	7
Rental charged by:				
Related party:				
Embunaz Ventures Sdn. Bhd.*	108	9	108	9
Key management personnel compensation:				
Short-term employee benefits	461	389	269	198

* a company in which Dato' Dr Norraesah Binti Haji Mohamad has a substantial financial interest.

The directors are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that were mutually agreed between the parties.

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

33. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Not later than one year	805	204
Later than one year but not later than five years	853	79
Later than five years	—	—
	1,658	283

34. CAPITAL COMMITMENT

	THE GROUP/THE COMPANY	
	2008	2007
	RM'000	RM'000
Approved and contracted for:		
- acquisition of a subsidiary	—	9,045
- purchase of equipment	701	830

35. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year is as follows:-

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
- basic salaries, bonus, Employees Provident Fund and SOCSO	60	225	—	107
- fee	252	391	180	319
Non-executive directors:				
- fee	60	56	24	26
	372	672	204	452

Notes to the Financial Statements (Cont'd)

for the Financial Year Ended 30 June 2008

35. DIRECTORS' REMUNERATION (CONT'D)

The details of emoluments for the directors of the Group and the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP		THE COMPANY	
	NUMBER OF DIRECTORS			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EXECUTIVE DIRECTORS				
RM50,001-RM100,000	1	1	1	2
RM100,001-RM150,000	2	2	1	1
RM200,001-RM250,000	–	1	–	1
NON-EXECUTIVE DIRECTORS				
Below RM50,000	2	2	1	1

36. SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the development and implementation of the Electronic Government Services project and the provision of other related services for the Electronic Government Services project, which are substantially within a single business segment and operates wholly in Malaysia.

37. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Term Loans

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(b) Hire Purchase and Lease Obligations

The carrying amounts approximated the fair values of these instruments. The fair values of hire purchase and finance lease payables are estimated using the discounted cash flow analysis based on the average effective interest rate of the Group.

(c) Cash And Bank Balances And Other Short-Term Receivables/Payables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

List of Properties

LIST OF PROPERTIES AS AT 30 JUNE 2008

The Group does not own any properties as at 30 June 2008

Analysis of Shareholdings

as at 10 November 2008

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM27,320,500.00
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Right	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share he holds.
Number of Shareholders	:	1,049

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1	0.09	2	0.00
100 to 1,000	807	76.93	141,498	0.05
1,001 – 10,000	118	11.25	506,600	0.19
10,001 – 100,000	65	6.20	2,376,100	0.87
100,001 – less than 5% of issued shares	52	4.96	127,881,400	46.81
5% and above of issued shares	6	0.57	142,299,400	52.08
Total	1,049	100.00	273,205,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
1. Wong Thean Soon	7,990,000	2.92	103,385,000 ¹	37.84
2. Raja Munir Shah Bin Raja Mustapha	99,500	0.04	103,385,000 ¹	37.84
3. Asia Internet Holdings Sdn Bhd	82,950,000	30.36	–	–
4. Asia Internet E-Services Holdings Sdn Bhd	20,435,000	7.48	–	–
5. Lembaga Tabung Haji	25,250,000	9.24	–	–
6. Koperasi Permodalan Felda Berhad	24,700,000	9.04	–	–
7. Utilico Emerging Markets Limited	23,534,400 ²	8.61	–	–
8. Ng Hong Sing	15,644,900	5.73	–	–

Notes:

- ¹ Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd
- ² Shares held through the HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Bermuda)

Analysis of Shareholdings

as at 10 November 2008 (Cont'd)

DIRECTORS' SHAREHOLDINGS

Names	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
1. Dato' Dr Norraesah Binti Hj Mohamad	2,800,000	1.02	—	—
2. Wong Thean Soon	7,990,000	2.92	103,385,000 ¹	37.84
3. Raja Munir Shah Bin Raja Mustapha	99,500	0.04	103,385,000 ¹	37.84
4. Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor	160,000	0.06	—	—
5. Mohd Jimmy Wong Bin Abdullah	160,000	0.06	—	—
6. Ng Fook Ai Victor	—	—	—	—

Notes:

- ¹ Deemed interested by virtue of their substantial shareholdings in Asia Internet Holdings Sdn Bhd and Asia Internet E-Services Holdings Sdn Bhd

TOP THIRTY (30) SHAREHOLDERS

No. Names	No. of Shares	%
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd	28,875,000	10.57
2. Lembaga Tabung Haji	25,250,000	9.24
3. Koperasi Permodalan Felda Berhad	24,700,000	9.04
4. HSBC Nominees (Asing) Sdn Bhd Exempt An for JPMorgan Chase Bank, National Association (Bermuda)	23,534,400	8.61
5. Citigroup Nominees (Tempatan) Sdn Bhd UBS AG Hong Kong for Asia Internet Holdings Sdn Bhd	20,000,000	7.32
6. Asia Internet Holdings Sdn Bhd	19,940,000	7.30
7. Asia Internet E-Services Holdings Sdn Bhd	13,635,000	4.99
8. M.I.T. Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Edisi Firma Sdn Bhd (MG0065-195)	13,446,200	4.92
9. Kenanga Nominees (Tempatan) Sdn Bhd Kenanga Capital Sdn Bhd for Ng Hong Sing	9,200,000	3.37
10. AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Thean Soon	7,940,000	2.91
11. M.I.T. Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd (MG0168-195)	7,160,000	2.62
12. Kenanga Nominees (Tempatan) Sdn Bhd Kenanga Capital Sdn Bhd for Asia Internet E-Services Holdings Sdn Bhd	6,800,000	2.49
13. Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ngan Cheong	6,604,700	2.42
14. M.I.T. Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Hong Sing (MG0120-195)	6,160,000	2.25
15. Jason Chan Ling Khee	5,048,000	1.85
16. Kenanga Nominees (Tempatan) Sdn Bhd Kenanga Capital Sdn Bhd for Jayakumar A/L Panneer Selvam	5,000,000	1.83
17. Then Pei Kee	4,500,000	1.65
18. Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Asia Internet Holdings Sdn Bhd (MY0409)	3,975,000	1.45
19. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rahadian Mahmud Bin Mohammad Khalil (Dealer 01Q)	3,900,000	1.43

Analysis of Shareholdings

as at 10 November 2008 (Cont'd)

TOP THIRTY (30) SHAREHOLDERS (CONT'D)

No. Names	No. of Shares	%
20. Affin Nominees (Asing) Sdn Bhd Eassetmanagement Sdn Bhd for London Asia Capital Limited	3,000,000	1.10
21. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Asia Internet Holdings Sdn Bhd	3,000,000	1.10
22. Norraesah Binti Mohamad	2,600,000	0.95
23. Koh Yeow Lay	2,500,000	0.92
24. HDM Nominees (Tempatan) Sdn Bhd Phillip Securities Pte Ltd for Jason Chan Ling Khee	2,086,700	0.76
25. EG Industries Berhad	2,005,000	0.73
26. Azmi Bin Mohd Rais	2,000,000	0.73
27. HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lee Soon Keong (CCTS)	1,861,200	0.68
28. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for RHB Capital Fund (N14011200189)	1,792,800	0.66
29. HSBC Nominees (Asing) Sdn Bhd TNTC for Electric Investment Trust Plc	1,499,900	0.55
30. HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	1,000,000	0.37

Notice of the Eighth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of MY E.G. SERVICES BERHAD will be held at Tournament Room, Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 5 December 2008 at 10.30 a.m. for the following purposes:

AGENDA

- | | | |
|----|--|-------------------------------|
| 1. | To lay the Audited Financial Statements for the financial year ended 30 June 2008 together with the Reports of the Directors and Auditors thereon. | Please refer to Note A |
| 2. | To approve the first and final tax-exempt dividend of 2 sen per ordinary share in respect of the financial year ended 30 June 2008. | Ordinary Resolution 1 |
| 3. | To re-elect Raja Munir Shah Bin Raja Mustapha, the Director retiring pursuant to Article 69 of the Articles of Association of the Company. | Ordinary Resolution 2 |
| 4. | To re-elect Ng Fook Ai Victor, the Director retiring pursuant to Article 74 of the Articles of Association of the Company. | Ordinary Resolution 3 |
| 5. | To approve the payment of Directors' fees for the financial year ended 30 June 2008. | Ordinary Resolution 4 |
| 6. | To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

- | | | |
|----|--|------------------------------|
| 7. | AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 | Ordinary Resolution 6 |
| | <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p> | |
| 8. | PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE | Ordinary Resolution 7 |
| | <p>"THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given to the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature as stated in Section 2.3 of the Circular to Shareholders dated 13 November 2008, provided that such arrangements and/or transactions are:-</p> <ul style="list-style-type: none">(i) recurrent transactions of a revenue or trading nature;(ii) necessary for the day-to-day operations;(iii) carried out at arm's length basis, in the ordinary course of business and on terms which are not more favourable to the related party than those generally available to the public; and(iv) are not to the detriment of the minority shareholders. | |

Notice of the Eighth Annual General Meeting (Cont'd)

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting;
- (ii) the expiry of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

9. To transact any other business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the Eighth Annual General Meeting, a first and final tax-exempt dividend of 2 sen per ordinary share in respect of the financial year ended 30 June 2008 will be paid on 24 December 2008 to holders of ordinary shares registered in the Record of Depositors at the close of business on 11 December 2008.

The entitlement of the Shareholders of MYEG to the dividend shall only be in respect of the following:

- (a) Shares transferred into the Depositor's Securities Account on or before 4.00 p.m. on 11 December 2008 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

MAH LI CHEN (MAICSA 7022751)
TAN LEY THENG (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
13 November 2008

Notice of the Eighth Annual General Meeting (Cont'd)

DIRECTORS TO RETIRE AT EIGHTH ANNUAL GENERAL MEETING

Pursuant to Article 69 of the Articles of Association of the Company, Raja Munir Shah Bin Raja Mustapha and Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor will be retiring at the Eighth Annual General Meeting.

Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor has advised that he does not wish to seek for re-election at the Eighth Annual General Meeting.

NOTES:

(A) This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint up to two (2) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. Explanatory Notes on Special Business

(i) **Ordinary Resolution 6**

Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 6, if passed, will give the flexibility to the Directors of the Company to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company at the time of issue for such purpose as they considered would be in the best interest of the Company without having to convene a separate general meeting. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

(ii) **Ordinary Resolution 7**

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

For further information on the Recurrent Related Party Transactions, please refer to the Circular to Shareholders dated 13 November 2008 which is dispatched together with the 2008 Annual Report of the Company.

Statement Accompany Notice of Annual General Meeting

1. Directors who are standing for re-election

The Directors standing for re-election at the Eighth Annual General Meeting are as follows:

- | | |
|---------------------------------------|--|
| (a) Raja Munir Shah Bin Raja Mustapha | Retiring pursuant to Article 69 of the Company's Articles of Association |
| (b) Ng Fook Ai Victor | Retiring pursuant to Article 74 of the Company's Articles of Association |

Brigadier General (Rtd) Dato' Ameerudeen Bin Mohamed Noor who will be retiring pursuant to Article 69 of the Company's Articles of Association has advised that he does not wish to seek for re-election at the Eighth Annual General Meeting.

2. Further details of Directors who are standing for re-election

- (a) Details of the above Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 14 to 17 of this Annual Report.
- (b) The direct and indirect shareholdings of the above Directors who are standing for re-election are set out in the Analysis of Shareholdings on page 73 of this Annual Report.

3. Details of Attendance of Directors at Board Meetings

Five (5) Board meetings were held during the financial year ended 30 June 2008. Details of the attendance of each Director are set out in the Statement on Corporate Governance appearing on page 19 of this Annual Report.

4. Place, Date and Time of meeting

The Eighth Annual General Meeting of the Company will be convened and held at Tournament Room, Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 5 December 2008 at 10.30 a.m.

PROXY FORM**NUMBER OF SHARES HELD****MY E.G. SERVICES BERHAD**
(505639-K)I/We _____
(FULL NAME IN CAPITAL LETTERS)of _____
(ADDRESS FULL)

being a member(s) of MY E.G. SERVICES BERHAD (505639-K), hereby appoint _____

(FULL NAME IN CAPITAL LETTERS)of _____
(ADDRESS FULL)

or THE CHAIRMAN OF THE MEETING or failing him/her, _____

(FULL NAME IN CAPITAL LETTERS)of _____
(ADDRESS IN FULL)

as my/our proxy, to vote for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company, to be held at Tournament Room, Kuala Lumpur Golf & Country Club (KLGCC), No. 10, Jalan 70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 5 December 2008 at 10.30 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting of failing him" and insert the name(s) of the person(s) desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1	To approve the first and final tax-exempt dividend		
2	To re-elect Raja Munir Shah Bin Raja Mustapha		
3	To re-elect Ng Fook Ai Victor		
4	To approve the payment of Directors' fees		
5	To re-appoint Messrs Horwath as Auditors of the Company		
6	Authority to Directors to allot shares pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this _____ day of _____ 2008

Signature / Common Seal of Shareholder

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint up to two (2) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised and in the case of corporation shall be either under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
MY E.G. SERVICES BERHAD
(505639-K)
10th Floor, Menara Hap Seng
No 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur.

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